

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 1, 1996

SUBJECT: **SB 3151 - HB 3034**

This bill, if enacted, will amend current law regarding the Aid to Families with Dependent Children program and establish "Families First". The program may provide temporary cash assistance for families with qualifying children or for pregnant women who meet the resource requirements to be set by the Department of Human Services.

All eligible enrollees, who are not exempted, must complete Personal Responsibility Plans and engage in full or part-time employment, training, or education. The bill sets a lifetime limit on assistance of sixty months with a limit of eighteen consecutive months of aid. Exemptions are granted for persons over sixty, persons caring for a disabled child or adult relative, for a minor parent until age eighteen, or for a person who is functionally illiterate.

The requirements for Family First, regardless of age or disabling status, require that recipients cooperate in enforcement of child support, attend life skills training and insure children attend school or kindergarten and receive immunizations and health checks. Failure to meet these standards without good cause shall result in denial of

SB 3151 - HB 3034

temporary assistance. Failure to comply with the personal responsibility plan shall result in a reduction of assistance of twenty (20%) percent. The maximum payment shall not be increased for a recipient for any child born while receiving aid.

The bill suspends the increase in the "Standard of Need", the limit on total family income, that is scheduled for fiscal year 1996-97. The current amount of \$583 for a family of three is scheduled to increase to \$677 on July 1, 1996. The bill requires the standard of need to be set in the annual appropriations act or by public necessity rule.

The bill establishes a reserve fund not to exceed \$15 million that does not revert to the General Fund in order to support the Families First program. The bill authorizes the Commissioner to seek and implement any Federal waivers necessary to implement the provisions of the bill. The Commissioner is also authorized to implement pilot projects as approved by the Federal government. The bill also authorizes the department to establish an electronic benefits transfer system.

The fiscal impact of this bill is estimated to result in a decrease in revenues to the General Fund of up to \$15,000,000 since any funds over appropriated to the Department of Human Services will no longer revert to the General Fund but will be used to establish a reserve fund to support AFDC or successor programs.

The fiscal impact from enactment of this bill is also estimated to result in a decrease in state expenditures of \$6,981,000. Of this amount

\$1,351,500 is state funded and \$5,629,500 is federal. This estimate is based upon the following:

	Total	State	Federal
Administrative Expenditures			
System Changes (One-Time)	\$1,360,000	\$680,000	\$680,000
Additional Staff	5,836,000	2,918,000	2,918,000
Sub-Total	\$7,196,000	\$3,598,000	\$3,598,000
Program Expenditures			
Recipient Testing	\$85,000	\$42,500	\$42,500
Successful Terminations	(\$5,879,000)	(2,058,000)	(3,821,000)
Voluntary Quits	(1,437,000)	(503,000)	(934,000)
Punitive Terminations	(1,032,000)	(361,000)	(671,000)
Sanctions (20%)	(314,000)	(110,000)	(204,000)
Suspend Std. of Need Incr.	(\$5,700,000)	(1,995,000)	(\$3,705,000)
Pilot Projects	100,000	35,000	65,000
Sub-Total	(\$14,177,000)	(\$4,949,500)	(\$9,227,500)
Total	<u>(\$6,981,000)</u>	<u>(\$1,351,500)</u>	<u>(\$5,629,500)</u>

It is also assumed that it will be necessary to provide training, daycare, and transportation programs to support Families First recipients. Such support services are not specifically required by the bill. The fiscal impact for providing such services is estimated to result in an increase in state expenditures of \$70,118,000 of which \$49,877,000 is state funded and \$20,241,000 is federal.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director